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August 24, 1998

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AUG 24 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Salas, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: In the Matter of 1998 Biennial Regulatory Review --  
Review of Accounts Settlement in the Maritime Mobile and Maritime Mobile-  
Satellite Radio Services and Withdrawal of the Commission as an Accounting  
Authority in the Maritime Mobile and Maritime Mobile-Satellite Radio Services  
Except for Distress and Safety Communications  
IB Docket No. 98-96

Dear Ms. Salas:

COMSAT Corporation, by its attorneys, files herewith an original and nine copies of the Comments of COMSAT Corporation in the above-referenced proceeding.

An additional copy is enclosed; please date-stamp this copy and return it to the courier.  
Please refer any questions to the undersigned.

Yours truly,



Bruce A. Henoch  
General Attorney

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Original

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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Mobile and the Maritime Mobile-Satellite )  
Radio Services Except for Distress and )  
Safety Communications )

**COMMENTS OF COMSAT CORPORATION**

COMSAT Corporation, through its COMSAT Mobile Communications business unit ("COMSAT"), hereby submits its Comments in the above-captioned proceeding.

**Introduction**

On July 17, the Commission released a Notice of Proposed Rulemaking in which it proposed to withdraw as an accounting authority ("AA") for the settlement of accounts for mobile satellite and radio services.<sup>1</sup> As one of the world's largest providers of maritime, aeronautical, and land mobile satellite communications services, COMSAT has a significant interest in this proceeding. The overwhelming majority of COMSAT's customers rely on the Commission to provide AA services, and the Commission as an AA plays a key role in the operation of the worldwide Global Maritime Distress and Safety System ("GMDSS"). Due to its

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<sup>1</sup> *In the Matter of 1998 Biennial Regulatory Review -- Review of Accounts Settlement in the Maritime Mobile and Maritime Mobile-Satellite Radio Services and Withdrawal of the Commission as an Accounting Authority in the Maritime Mobile and the Maritime Mobile-Satellite Radio Services Except for Distress and Safety Communications*, Notice of Proposed Rulemaking, IB Docket No. 98-96, FCC 98-123 (released July 17, 1998) ("NPRM").

unique and widespread responsibilities as an AA, the Commission should very carefully examine the ramifications to both safety and commerce of its plans to withdraw as an AA. COMSAT understands the need for the Commission to consider ways in which it can reduce its role in account settlement and also reduce the extent to which non-Government users rely on it, but COMSAT urges the Commission not to withdraw completely as an AA. With regard to government users in particular, the Commission should not withdraw as an AA under any circumstances. Finally, the Commission should adopt more flexible rules for certifying private AAs to encourage more companies to take on this important responsibility.

### **Discussion**

#### **1. The Commission Should Not Withdraw as an Accounting Authority**

COMSAT has calculated that approximately three-quarters of non-Government Inmarsat terminals currently use the Commission AA, US01, for account settlement, either by affirmatively selecting US01 or by "default." All U.S. government users use the Commission AA as well. The Commission reports that, in FY97, it processed 11,368 invoices, representing 559,841 messages.<sup>2</sup> Thus, while it is true that the Commission has certified a number of private entities to act as AAs over the past several years, it is beyond doubt that the Commission itself continues to play an extremely significant role in the mobile communications marketplace. It is COMSAT's view that withdrawal by the Commission from its vital role as an AA would result in a great deal of chaos in this market, and we believe that it would not be in the public interest for the Commission to do so.

The Commission in the NPRM has not shown any valid reason to justify its proposal to withdraw as an AA. The only justification that the Commission presents for taking this action is

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<sup>2</sup> NPRM at ¶ 7, n.13.

the conclusory statement that "[p]rivatization [of the AA functions] will promote competition in all communications markets, including the settlement of maritime radio accounts."<sup>3</sup> The Commission presents no support whatsoever for this conclusion. The bulk of the Commission's proposal addresses the question of whether sufficient numbers of private AAs exist to fill the void to be left by the withdrawal of the Commission. While this is certainly an important question, it does not address the central issue of why it is in the public interest for the Commission to withdraw as an AA in the first place.

COMSAT believes that, contrary to being in the public interest, withdrawal of the Commission as an AA will cause widespread disruption. Many maritime MSS customers who use US01, for example, will likely not receive timely notice that the Commission has withdrawn as an AA, and unpaid bills will likely result in a mass of unforeseen barrings.<sup>4</sup> Similarly, the private entities certified as AAs *combined* now handle only approximately 25 percent of the U.S.-licensed Inmarsat terminals in use. The Commission has presented no evidence that any or all of these entities have the facilities or staff to handle on a timely basis an increase of up to 400 percent in the number of invoices to be processed. Given the disruption that will occur in the communications market if the Commission withdraws as an AA, the Commission's failure to explain why its withdrawal is justified or that its functions can be readily absorbed by other entities demonstrates that withdrawal has not been shown to be in the public interest.

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<sup>3</sup> NPRM at ¶ 13.

<sup>4</sup> While COMSAT is fairly confident that large corporate MSS customers will receive timely notice of the Commission's withdrawal and make the necessary arrangements, we believe that smaller MSS customers, many of whom are at sea for long periods of time and who may not fully appreciate the AA process, will not learn of the Commission's action on a timely basis and in any case may not understand the importance of taking prompt action in response.

It is likely that the Commission's concerns can be largely alleviated by taking action short of total withdrawal as an AA. For example, the Commission could consider remaining an AA but withdrawing as the AA "of last resort." The Commission could either assign the "default AA" role to another entity or simply do away with the default AA altogether and require all users to affirmatively sign up with a particular AA. In either case, the Commission would ensure that massive disruptions will not occur but would significantly reduce its role as an AA over time as many customers gravitate to private AAs.

## **2. The Commission Should at a Minimum Remain an Accounting Authority for U.S. Government Users**

If the Commission does conclude that it is in the public interest to withdraw as an AA, it should at a minimum remain an AA for U.S. government users.<sup>5</sup> As the Commission noted in the NPRM, federal government agencies depend on the Commission for settlement of their maritime radio and maritime satellite accounts, and many of these agencies have special needs that cannot be met by relying on private AAs.<sup>6</sup> COMSAT serves a number of U.S. government customers, including the Department of Defense, the Federal Aviation Administration, the National Oceanographic and Atmospheric Administration, law enforcement agencies, and the intelligence community. As we are confident that these users will state, the mobile satellite services used by these agencies play a vital role in their ability to fulfill their mission requirements, and they must be able to rely absolutely on all aspects of the services in question. It may not be feasible under

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<sup>5</sup> While COMSAT recognizes that the Commission requested that government users themselves comment on this matter (NPRM at ¶ 14), we believe that, because of our extensive experience providing mobile satellite services to U.S. government customers, we are in a position to provide a useful perspective on this issue as well.

<sup>6</sup> NPRM at ¶ 14.

these circumstances to rely on the unknown ability of private AAs to successfully accomplish the tasks now performed by the Commission. In addition, many of these agencies rely on satellite communications for classified, secure, and/or confidential communications. Forcing these agencies to rely on private AAs may require them to disclose sensitive call data to personnel outside of the government, which could jeopardize mission security. By retaining the AA functions for U.S. government customers, the Commission will ensure the continued security and reliability of vital government communications.

**3. If the Commission Does Withdraw as  
an Accounting Authority, it Should Adopt Flexible  
Rules for Private Certification**

If the Commission does end up fully or partially withdrawing as an AA, it should adopt more flexible rules for certifying private entities to encourage more such entities to undertake this important function. The current certification rules, which the Commission proposes to adhere to following withdrawal, require private AAs to serve all customers on a non-discriminatory basis for all types of service. COMSAT believes that these overly stringent rules will discourage many qualified private companies from becoming AAs for fear of being overwhelmed by the sheer number of potential customers and services. Many companies have relatively narrow customer bases or have expertise only in particular areas of mobile communications and would not feel qualified providing AA services for a more wide ranging set of customers or for services with which they have little if any familiarity. These companies might desire to provide AA services to a limited subset of customers, such as customers who have signed up with a particular company, or for only a limited type of communications service, such as maritime mobile satellite services. However, the Commission is in effect requiring an "all or nothing" approach for potential AAs,

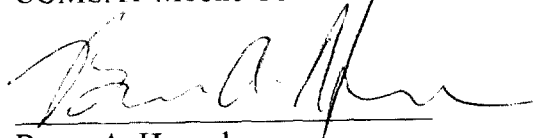
and such a policy will undoubtedly discourage many of these otherwise qualified companies from becoming certified to provide AA services, thus having the effect of ultimately *limiting* customer choice, rather than expanding it.

### **Conclusion**

Because of the tremendous impact that withdrawal as an AA by the Commission would have on the mobile communications marketplace, the Commission should very carefully evaluate other options before concluding that it should withdraw. There are several options available to the Commission that may allow it to continue operating as an AA in a more limited role without causing the massive disruptions that will occur should the Commission withdraw altogether. However, if the Commission does withdraw as an AA, it should at a minimum continue acting as an AA for U.S. government customers, and it should adopt more flexible certification rules to encourage more entities to fulfill AA functions. These actions will ensure that the needs of all users continue to be met on a timely and uninterrupted basis.

Respectfully submitted,

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